



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

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SENATE BILL 528 Climate Solutions Now Act of 2022 (Pinsky)

STATEMENT OF INFORMATION

DATE: February 15, 2022

COMMITTEE: Senate Education, Health & Environmental Affairs and Senate Budget & Taxation

SUMMARY OF BILL: SB 528 requires the State to reduce greenhouse gas emissions (GHG) through the use of various measures to attain a reduction in GHG by 60% from 2006 levels by 2030 and achieve net-zero statewide GHG by 2045. In part, the bill establishes the intent of the General Assembly that 100% of the State passenger vehicles are zero-emission vehicles (ZEV) by 2030 and State light-duty vehicles by 2036. Subject to the availability of funding: (1) in FY 2023, at least 25% of passenger vehicles purchased for the State vehicle fleet are ZEV; in FY 2024-2025, at least 40%; in FY 2026, at least 75% and in FY 2027, 100%; and beginning in FY 2024, any passenger car purchased for the State vehicle fleet that is not ZEV is a hybrid vehicle; and (2) in FY 2028-2030, at least 25% of light-duty vehicles purchased are ZEV; in FY 2031-2032, at least 50%; and in FY 2033, 100%. DGS shall ensure the development of charging infrastructure to support the operation of ZEVs in the State vehicle fleet. An annual report is required of the Chief Procurement Officer on Dec 1 that details the purchases of ZEVs.

EXPLANATION: The State is integrating ZEVs into the fleet as replacements for internal combustion engine (ICE) vehicles where ZEV equivalents to ICE vehicles exist. Our approach to the inclusion of these vehicles is more robust than best practices of State Fleet Administrators throughout the country. As of this writing, we have 45 Zero-Emission vehicles in our fleet with an additional 88 on order.

The Department of Budget and Management (DBM) and Department of General Services (DGS) have worked collaboratively to develop a strategic plan to address the integration of ZEVs into the State fleet and are implementing the plan. The plan requires that charge station infrastructure may be installed at a site receiving an ZEV in advance of, or contemporaneous with, the arrival of the ZEV. Additionally, some funding for charge station infrastructure has been identified. This plan greatly increases the likelihood of a successful roll-out of ZEVs into the State's fleet. DBM has achieved purchase percentages of ZEVs of 8%, 29% and 46% over the last three fiscal years, respectively.

There are a number of factors that impede a more robust implementation of Zero-Emission vehicles:

- Availability of these vehicles is significantly ahead of the charge station infrastructure necessary to support their use. Level 2 charge station installations generally cost \$10,000-\$15,000 per station/unit;
- Limited availability of mid-size sedans, or larger, ZEVs. Currently, only foreign and luxury vehicle manufacturers offer these ZEVs. Due to their increased costs, these vehicles are generally not successful in the vehicle contract bid process and therefore do not appear on the statewide vehicle contract list; and,
- ZEVs have an upfront cost of ownership approximately \$5,000-\$8,000 higher than their combustion engine counterparts, thereby making it difficult for agencies to purchase in significant numbers.

While our goal is to reduce the environmental impact of the State's vehicle fleet, any requirement for full inclusion of ZEVs must also take into consideration fiscal sustainability and potential job performance disruption of State employees. For the foreseeable future, ZEVs will play an increasing role in reducing the environmental impact of our fleet as we work through the intricacies and challenges of a total fleet conversion.

This legislation would likely have an impact on the day-to-day operations of State government by causing DBM to purchase electric vehicles (EV) at a rate that would outpace the State's ability to provide charging infrastructure for them. Any mandate to purchase ZEVs at a rate in excess of 25% of all eligible vehicles prior to FY 2025 would hinder the goal of electrifying and reducing the carbon footprint of the State's fleet.

DBM has been able to meet or exceed a rate of 25% thus far; however, this was accomplished by converting the least difficult locations and most conducive business needs to ZEV. As we move forward, charging infrastructure will need to be installed at locations that are problematic logistically (e.g., leased properties) and will necessitate a slowing of ZEV purchases in order to ensure continuity of services provided by the State.

The allowance to purchase hybrid vehicles, when necessary, makes this Bill consistent with best practices nationwide and will allow the State's fleet to transition more seamlessly.

The bill's ZEV fleet reporting requirement for the Chief Procurement Officer is more appropriately within the purview of the State Vehicle Administrator at DBM. Please note that the State Vehicle Administrator is currently required to submit an annual report each December 15 that details State fleet vehicle purchases by agency and fuel type.

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